



# ANTI-MONEY LAUNDERING POLICY

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REED & MACKAY

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## POLICY STATEMENT

Reed & Mackay is committed to undertake due care and diligence to ensure that it conducts its business only with reputable clients and suppliers involved in lawful activities undertaken in good faith, and to create an effective Anti-Money Laundering (AML) programme.

## POLICY COMPLIANCE

Reed & Mackay adheres to all current money laundering and terrorist financing prevention laws and regulations and compliance is compulsory since any breach may result in a criminal offence punishable by law.

All staff are required to record and promptly report all suspicious activities to the Group CFO, who is the appointed Money Laundering Reporting Officer (MLRO). In the MLRO's absence, reporting should be made to the Finance Director, who is the Deputy MLRO.

The MLRO is responsible for reviewing any reported incidents and, if appropriate, reporting any suspicious activity or transaction to the National Crime Agency (NCA) or the US Department of Treasury by completing and submitting a Suspicious Activity Report (SAR).

All users are responsible for complying with this policy. Willful or negligent disregard of this policy will be investigated and may be treated as a disciplinary offence.

If you do not understand the implications of this policy or how it may apply to you, seek advice from the Governance, Risk Management & Compliance department or the Group CFO.

## POLICY GOVERNANCE

The following table identifies who within Reed & Mackay is Accountable, Responsible, Informed or Consulted with regard to this policy.

**Responsible** - the person(s) responsible for developing and implementing the policy.

**Accountable** - the person who has ultimate accountability and authority for the policy.

**Consulted** - the person(s) or groups to be consulted prior to final policy implementation or amendment.

**Informed** - the person(s) or groups to be informed after policy implementation or amendment.

<b>RESPONSIBLE</b>	Group CFO, Head of Governance, Risk Management & Compliance
<b>ACCOUNTABLE</b>	Group CFO
<b>CONSULTED</b>	HR Director, Finance Director
<b>INFORMED</b>	All employees all contractors, all other 3 <sup>rd</sup> party organisations with which Reed & Mackay work with

## REVIEW AND REVISION

This policy will be reviewed as it is deemed appropriate, but no less frequently than annually. Policy review will be undertaken by the Group CFO and the Head of Governance, Risk Management & Compliance.

### PURPOSE

- To manage the risk of serious financial loss, loss of client confidence or other serious business impact which may result from a failure in reporting suspected Money Laundering activities.
- To provide a secure working environment for Reed & Mackay staff.
- To comply with all relevant regulatory and legislative requirements including the Proceeds of Crime Act 2002 (POCA), Money Laundering Regulations 2007, Terrorism Act 2000 and US PATRIOT Act and any other applicable laws.

### SCOPE

This policy applies to all Reed & Mackay employees, contractors and other 3<sup>rd</sup> party organisations with which Reed & Mackay work.

### DEFINITIONS

Traditionally money laundering takes place in three stages. The first stage involves placing illegal funds into the financial systems to conceal the original source of the funds. The second stage involves a series of transactions from one account to another to disguise the origin of the monies. During the third stage the illegal funds are integrated into the financial system as legitimate funds.

### DUE DILIGENCE REQUIREMENTS

Reed & Mackay must obtain satisfactory evidence of the identity of a new client before engaging in a business relationship. This applies to single transactions, worth 15,000 euros or 10,000.00 US dollars or more, suspicious transactions of any value, new business relationships which are intended to become ongoing, existing corporate clients that have undergone a change in ownership or management, and longstanding clients who have changed the type or volume of business which they refer to Reed and Mackay.

Satisfactory evidence of identity means evidence which is reasonably capable of establishing (and does in fact establish, to the satisfaction of the person who obtains it) that the new customer or client is the person he or she claims to be.

An individual's identity will normally be established by Reed & Mackay seeing (and retaining photocopies of the individual's driver's license or passport and two additional documents which can be used to verify the individual's identity such as a recent utility bill or bank statement showing the customer's current address.

Establishing the identity of a partnership or limited company normally involves establishing the identity of key individuals, the partners, directors and any silent partners. In the case of a company registered in the UK a search at Companies House may confirm the identity and activity of the company. For partnerships, a copy of a bank statement in the name of the partnership supported by a banker's reference, may be appropriate.

### ENHANCED DUE DILIGENCE

In some situations, Reed & Mackay will carry out additional due diligence. For example, if the Company were to work with a Politically Exposed Person (PEP), such as an overseas member of parliament, a head of state or government or a government minister. A UK politician is not a politically exposed person. This would also include any other situation where there is a higher risk of money laundering.

The measures which would be appropriate are broadly the same and include:

- Approval from a Director for establishing a business relationship
- Obtain additional evidence of identity
- Establish the source of wealth and source of the funds involved
- Conduct enhanced ongoing monitoring of the business relationship

## AWARENESS & TRAINING

As part of Reed & Mackay's adherence to the Money Laundering regulations we ensure that all employees are aware of the law relating to money laundering and terrorist financing. Training and guidance is provided to all relevant employees on how to identify and deal with transactions which may be related to these regulations.

This is delivered via Reed & Mackay's Learning & Development department, supported by external specialists.

In addition to this, all staff are provided with a copy of this policy when joining Reed & Mackay and this policy is reviewed in detail with all new employees during their employee induction training.

A guidance section is also included in this policy.

## RECORD KEEPING

Records are kept of all transactions. The records include but are not limited to the following:

- Daily records of transactions
- Receipts
- Cheques
- Client Correspondence
- Supplier Correspondence

Records are retained, for five years after the business relationship ends or a transaction is completed. All financial transactions are reviewed at least once a month by the Group CFO.

## GUIDANCE

### IDENTIFYING POTENTIAL MONEY LAUNDERING

There is no simple rule which enables anyone to spot money laundering. However, below is some useful practical guidance.

The law requires that a report be made to the Money Laundering Reporting Officer (MLRO) or US Department of Treasury when someone knows or has reason to suspect that someone is engaged in money laundering.

A report should be made to the MLRO once someone becomes involved, either by giving advice or by being involved in the transmission of funds or transfer of assets, in an arrangement which may facilitate

the acquisition, retention, use or control of money or assets when it is known or suspected that they may be tainted with illegality.

The MLRO is required to consider the report and, if appropriate, pass the information on to the National Crime Agency (NCA) or US Department of Treasury.

Speculation or gossip is not a sufficient basis for knowledge or for suspicion. However it is not necessary to have evidence that money laundering is actually taking place in order to have reasonable grounds for suspicion. Unusual transactions may form a sufficient basis for a reasonable suspicion of money laundering.

When two or more of the following risk factors are present there is a higher risk of money laundering, and serious consideration should be given to submitting a report. These risk factors are:

- A transaction which is unusual in size, type or frequency
- A customer or client who is an unusual customer or client for the business, because of the client's size, location or type
- A substantial payment in cash
- Movement of funds overseas (especially to a higher risk country or tax haven) or into or out of a foreign currency
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational
- An absence of an obvious legitimate source of the funds employed in the transaction
- The cancellation or reversal of an earlier transaction
- A new client
- Concerns about the honesty, integrity or identity of the client
- Poor business records or internal accounting controls
- A previous transaction for the same client which has been, or should have been, the subject of a report

All available relevant information should be reviewed before deciding whether to make a report. When there is insufficient information available to determine if a report is necessary or appropriate, no investigation is necessary. The authorities are responsible for investigations.

Any person suspected of engaging in money laundering should not be contacted since he/she may conclude that he/she is under suspicion. Such contact may be considered "tipping off" which is a criminal offence.

Failure to report known or suspected money laundering subjects a person to criminal prosecution.

## HOW TO REPORT

If money laundering is suspected it must be reported to the MLRO as soon as practicable. A report should be submitted to the MLRO within hours and not weeks or months later.

Only the MLRO or the MLRO's deputy are authorised to report the matter to the NCA and US Department of Treasury. The MLRO has information on how to submit a Suspicious Activity Report (SAR) to the NCA and US Department of Treasury.

All oral or written reports made to the MLRO should include detailed information which will enable the MLRO to determine if there are reasonable grounds to believe that a client or customer has engaged in money laundering, and to enable the MLRO to prepare a report to the NCA and US Treasury Department if there are grounds to do so.

Future or current transactions of a suspicious nature should also be reported to the MLRO so that the MLRO can determine, after consulting with the NCA and US Department of Treasury, if the transactions should be undertaken or completed.

### AFTER THE REPORT IS MADE

The subject of the report must not be tipped off that a suspicious transaction report to the MLRO has been made, or that a report to the NCA may be under consideration.

Where the MLRO decides that no further action or investigation is required and the MLRO has given consent, the transaction can proceed.

### QUERIES

If a member of staff wishes to discuss any matter relating to money laundering regulations, they should contact the Governance, Risk Management & Compliance department, or the Group CFO.